



PO BOX 201706  
Helena, MT 59620-1706  
(406) 444-3064  
FAX (406) 444-3036

## Economic Affairs Interim Committee

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### 58th Montana Legislature

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DAWN FIELD, Secretary

January 29, 2004

The Honorable Max Baucus  
511 Hart Senate Office Building  
Washington, D.C. 20510-2602

VIA Fax: 202-224-2651

Dear Sen. Baucus:

The Economic Affairs Interim Committee of the Montana Legislature voted unanimously at its January 23, 2004, meeting to request that Montana's Congressional delegation reflect the concern of state legislators regarding a new preemption rule from the Office of the Comptroller of the Currency. In particular, the bipartisan Committee asks that Montana's congressional delegation request congressional action to suspend the OCC's new rules that preempt state consumer protection laws.

After hearing comments from federal and state financial regulators at a joint meeting with the State Administration and Veterans' Affairs Committee, the Economic Affairs Committee expressed its strong concern that the OCC rule will erode the dual banking system that has been in existence for over 130 years. The National Governors' Association, the National Association of Attorneys General, the National Conference of State Legislatures and state financial regulators such as the Conference of State Bank Supervisors have all called for congressional oversight and review of the impact of the OCC proposals. Montana's Commissioner of Banking and Financial Institutions, Annie Goodwin, told the Committees that, without any specific act of Congress, the OCC has swept away state consumer protection laws and law enforcement as they apply to national banks. This concentration of authority is a concern to states, which believe in the benefits of citizens' legislatures and the importance of a state's role in providing regulations that appropriately meet the needs of the local population.

Given the potential for the OCC regulations to result in significant changes to the financial regulatory structure and state law enforcement authority for consumer financial protection, the Economic Affairs Committee requests that you support a call for hearings in the Senate Banking Committee and the suspension of the OCC's new rules pending hearings in Congress. The Committee believes that with proper oversight and attention to the role of state regulation in the dual banking system, Congress can

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reestablish the balance of power that has existed between state and federal law regulation in a manner that benefits consumers, businesses and all financial institutions.

Sincerely,

Rep. Joe McKenney, Chair  
Economic Affairs Committee

cc: Judy Martz, Governor  
Annie M. Goodwin, Montana Commissioner of Banking and Financial Institutions